

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

Date: FEB 28 2000

Contact Person:

ID Number:

Telephone Number:

NO PROTEST REQUIRED
Release copies to District
Data
Surname
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Employer Identification Number:

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(4). Based on the information submitted, we have concluded that you do not qualify for exemption under that section. The basis for our conclusion is set forth below.

Your purposes and objectives are; "(a) to develop a principled, aggressive and traditional organization, with the sovereign State of (b) to seek out and work with individuals and organizations inside and outside the for the purpose of preserving the (c) to promote and defend the Constitution of the United States and to restore in our State and Nation the vision of the Founding Fathers. (d) to educate and encourage all United States citizens to register, vote and support policies and candidates. (e) to gather and disseminate information concerning proposed measures and candidates." Articles were amended on

Sources of financial support are; 1. Direct membership dues, 2. Individual contributions, 3. Charter membership dues. You will be connected with the

You plan to publish printed materials.

Your published "Mission Statement" of this organization is; "To seek out, identify and work with and organizations both inside and outside for the purpose of promoting and upholding the Constitution of the United States, candidates for public office, and issues throughout

Under the By-laws as amended, it is stated in ARTICLE IV, Section 4.01. "The shall consist of Assemblies..." Further in the By-laws it states, under ARTICLE XIII, Section 13.10. "...Said Delegates, all Delegates-at-Large, and said Alternates, shall be active members in good standing of the they represent and shall not be elected State officials, holding partisan remunerative office other than an office within

Section 14.04. of Article XIV of your by-laws states that you will specifically endorse candidates for election, to public office.

Section 501(c)(4) of the Code provides for the exemption from Federal income tax of civic leagues or organizations not organized for profit, but operate exclusively for the promotion of social welfare.

Section 501(c)(4)-1(a)(2) of the Income Tax Regulations provides that to be operated exclusively for the promotion of social welfare, an organization must be operated primarily to benefit the community.

Section 501(c)(4)-1(a)(2)(i) of the regulations states that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization coming within the scope of this section is one which is operated primarily to bring about civic betterment and social improvements. Whether an organization is "primarily" engaged in promoting social welfare is a "facts and circumstances" test.

Section 1.501(c)(4)-1(a)(2)(ii) of the regulations provides the promotion of social welfare does not include direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office.

Rev. Rul. 80-107, 1980-1 C.B. 117, held that because the primary beneficiaries of the organization's activities were its members, "together with other individuals who own shares in the public utility companies, "it was primarily operated to serve private interests rather than the community as a whole.

Rev. Rul. 60-193, 1960-1 C.B. 195, modified by Rev. Rul. 66-258 provides that an organization that developed and disseminated educational materials designed to create greater interest in government and politics and conducted workshops and seminars in the technical aspects of the political system. It did not participate or intervene in any political campaign, nor did it support any political group.

Rev. Rul. 67-368, 1967-2 C.B. 194 provides that comparative rating of candidates, even though on a nonpartisan basis, is participation or intervention on behalf of those candidates favorably rated. An organization whose primary activity was such rating of candidates is not exempt under section 501(c)(4).

Rev. Rul. 76-456, 1976-2 C.B. 151 provides that an organization formed to elevate the standards of ethics and morality in the conduct of political campaigns was exempt. The decision was based on the fact that the organization's activities were conducted on a non-partisan basis.

Rev. Rul. 81-95, 1981-1, C.B. 332 provides that because an organization's primary activities promote social welfare, its less than primary lawful participation or intervention in political campaigns on behalf of or in opposition to candidates for public office will not adversely affect its exempt status under section 501(c)(4)

American Campaign Academy v. Commissioner, 95 T.C. 1053 (1989), the Tax Court was called on to decide whether benefits to third parties, who were not members of the organization,

would prevent the organization from being recognized as an exempt organization within the meaning of section 501(c)(3) of the Code. The Court concluded that the organization could not confer substantial benefits on disinterested persons and still serve public purposes within the meaning of section 501(c)(3)-1(d)(1)(ii) of the regulations.

Section 1.501(c)(4)-1(a)(2)(i), of the regulations, states that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization coming within the scope of this section is one which is operated primarily to bring about civic betterment and social improvements. Whether an organization is "primarily" engaged in promoting social welfare is a "facts and circumstances" test. You have failed that "facts and circumstances" test.

As the facts indicate, your activities including the endorsement of candidates are primarily political in nature and are not exempt activities within the meaning of section 501(c)(4). See, section 1.501(c)(4)-1(2)(ii) of the regulations. Also, your activities are focused on the Republican Party thereby primarily benefiting the Party and its members rather than the community as a whole. See, American Campaign Academy, supra.

Accordingly, you do not qualify for exemption as an organization described in section 501(c)(4) of the Code and you must file federal income tax returns.

Contributions to you are not deductible under section 170 of the Code.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views to this office, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If we do not hear from you within 30 days, this ruling will become final and a copy will be forwarded to the Ohio Tax-Exempt and Government Entities (TE/GE) office. Thereafter, any questions about your federal income tax status should be directed to that office, either by calling 877-829-5500 (a toll free number) or sending correspondence to: Internal Revenue Service, TE/GE Customer Service, P.O. Box 2508, Cincinnati, OH 45201. The appropriate State Officials will be notified of this action in accordance with Code section 6104(c).

When sending additional letters to us with respect to this case, you will expedite their receipt by using the following address:

Internal Revenue Service
AT:EO:RA:T:4, Room 6238
1111 Constitution Ave, N.W.
Washington, D.C. 20224

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Gerald V. Sack

Gerald V. Sack
Manager, Exempt Organizations
Technical Group 4